



Legislative Fiscal Bureau

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December 18, 2013

TO: Senator Chris Larson
Room 206 South, State Capitol

FROM: Rob Reinhardt, Program Supervisor

SUBJECT: State Income and Sales Taxes

At your request, I am providing information regarding state income and franchise taxes and the state general sales tax. Under current law, individual income tax collections in 2014-15 are estimated at \$7,650.1 million, corporate income and franchise tax revenues are estimated at \$990.6 million, and sales tax collections are estimated at \$4,607.2 million.

If the individual income tax were eliminated, and the revenue loss was replaced by increasing the state sales tax rate, the sales tax rate would have to increase by 8.3% (from 5% to 13.3%). If both the individual income tax and the corporate income and franchise tax were repealed, with the foregone revenue replaced by increasing the rate of the sales tax, the sales tax rate would have to increase by 9.4% (from 5% to 14.4%).

The above figures are annualized estimates based on this office's current revenue projections for 2014-15. The estimates would likely have to be adjusted to account for effective dates if a specific proposal were introduced.

I hope this information responds to your request. Please contact me if you have additional questions.

RR/sas